

ESPERANCE ABALONE FARM PROJECT UPDATE

KEY POINTS

The bankable feasibility study for the Esperance abalone farm project has been postponed due to the impact of COVID-19.

- The COVID-19 pandemic has placed unforeseen pressures on the Western Australian economy that has significantly increased the current cost of doing business
- Rare Foods Australia and Yumbah Aquaculture has agreed to defer the completion of the Bankable Feasibility Study and investment decision until June 2023
- Both parties agree there is merit in continuing to evaluate options in the Esperance project and have agreed a variation to the current Heads of Agreement and a joint \$60k budget for activities during this period
- RFA continues to evaluate other potential, near term value accretive growth opportunities

DETAILS

Unprecedented Conditions Due to COVID-19

Rare Foods Australia Ltd (ASX Code: RFA, the Company) and Yumbah Aquaculture (Yumbah) have been conducting a bankable feasibility study for an abalone farm joint venture in Esperance, Western Australia.

RFA and Yumbah are pleased with the applications of available technologies and new concepts identified during the bankable feasibility study process. Both parties have progressed extensively through the civil, environmental, marine, and geotechnical design aspects of the project. However, the COVID-19 pandemic has significantly increased the cost of doing business in Western Australia.

Work to date on the bankable feasibility study indicates that current regional development costs and unprecedented supply chain constraints challenge the viability of the proposal within the current economic environment. As a result, both parties have agreed to defer further work on the bankable feasibility study and investment decision until June 2023.

Esperance Potential

The parties have been working on the project since December 2020 under a Heads of Agreement. Both companies have seen the partnership as productive to date which has underpinned the desire to continue evaluating options to progress this key regional development.

Both parties agree there is merit in continuing to evaluate options in the Esperance project and have agreed a variation to the Heads of Agreement (HoA) and a joint \$60k budget.

The variations to the HoA agree to defer the bankable feasibility study and investment decision through to June 2023, a review of activities undertaken by key executives at a quarterly Steering Committee meeting and the ability for each party to pursue their own value adding corporate transactions to secure supply chains with established abalone farming businesses.

The budget is structured to pursue activities to secure the land options and allow for engagement with stakeholders including the Western Australian State Government, Shire of Esperance, Traditional Owner Groups, and other key community groups.

With the right support and business conditions, RFA and Yumbah believe the Esperance opportunity can be a leading Aquaculture project to diversify the Western Australian economy and enhance regional employment opportunities to grow the industry.

Value Accretive Growth Opportunities

RFA has developed a disciplined framework to assess other value accretive opportunities to continuously strengthen the core businesses and grow. The Company continues to consider potential product partners along with other prospects that leverage our ocean leases, world class processing facility and established sales and marketing channels.

Potential opportunities are at various stages of development including additional product supply chains, product trials, customer trials and shipments.

END

This announcement was authorised to be given to the ASX by:

The Board of Rare Foods Australia Limited.

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About the Company

Rare Foods Australia Limited (ASX: RFA) has developed the world's first commercial greenlip abalone sea ranching business in the pristine waters of Flinders Bay, Western Australia. With the construction of proprietary, purpose-built artificial abalone reefs (called "ABITATS™") now complete, RFA is supplying commercial quantities of its premium, 'wild-harvested', greenlip abalone to local and overseas customers.

For more information visit www.rarefoodsaustralia.com.au